



Environmental Quality Service Council

IDEM Cost of Service and Revenues

August 4, 2011

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Commissioner



Agenda

- How IDEM funds its work
- Revenues Compared to Costs
- Impact of Revenues on Agency Activities
- Accomplishing More with Less
- How Should Programs Be Funded?



Funding Sources

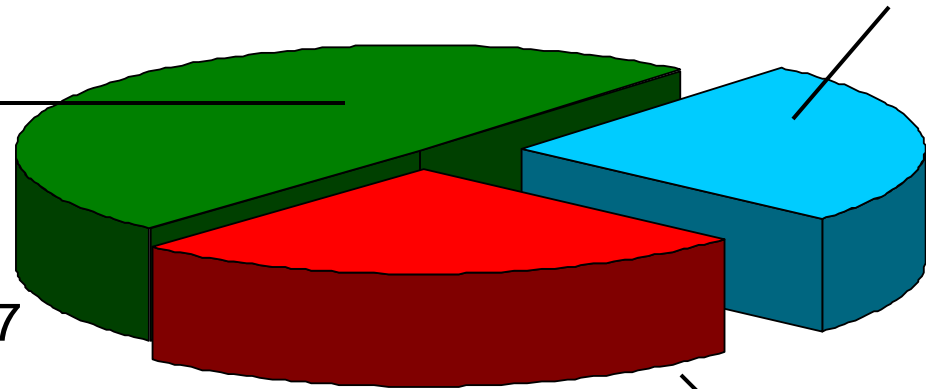
(Budgeted Amounts)

FY 2012 - \$93,025,368*

**General:
\$24,338,601**

***Dedicated: \$44,767,066**

***Does not include \$41,617,347
for claims under the Excess
Liability Trust Fund (ELTF)**



**Federal:
\$23,919,701**



Dedicated Fund Appropriations

- Program Areas: \$44,767,066 (88.5%).
 - Air: \$13,341,449.
 - Water: \$9,765,901.
 - Land: \$14,085,888.
 - OPPTA: \$1,758,961.
- Agency Support: \$5,814,867 (11.5%).
 - Legal: \$1,109,985.
 - Community Relations: \$1,081,089.
 - Administration: \$3,623,792.
- ELTF: \$41,617,347.
 - 11% of ELTF is used to pay for the expenses IDEM incurs in:
 - Paying and administering claims against the fund.
 - Inspecting underground storage tanks.
 - Establishing and implementing an underground storage tank operator training program.



Hazardous Substance Response Trust Fund

- The balance in FY 98 was \$34 million, at the end of FY10 it was \$6.1 million.
 - \$6.1 million does not include IDEM's Superfund Match obligation to EPA: For example, over next 10 years IDEM is committed to spend \$13.5 million on the Jacobsville Superfund site.
- Used to provide state match to Superfund cleanups, fund the State Clean Up program and emergency response activities.
- Funded by tax on hazardous waste disposal,
 - Revenue has fallen from \$6.7 million in FY 06-09 to roughly \$2.5 million per year now.



Revenues

- Aside from a few program areas, fees have not changed for more than 16 years.
- While Revenues have not increased the Consumer Price Index has increased by 39.96%.
 - Areas where fees have increased:
 - 2003 legislature increased fees for Drinking Water systems.
 - 2005 the Excess Liability Trust Fund received a fee increase from 0.8 cent to 1 cent per gallon of gasoline and a new 1 cent per gallon fee on diesel fuel.
 - 2006 the Air Pollution Control Board increased Title V air permits by 25%.
 - Between \$2.5 - \$3.0 million increase to regulated entities.



Revenues

- Permitting Programs that charge little or no fees:
 - 401 Water Quality Certifications: \$0.
 - Stormwater:
 - Rule 5: \$100.
 - Rules 6: \$50 application fee; \$100 annual fee.
 - Rule 13: \$50.
 - Drinking Water / Operator Certification: \$30.
 - CAFO : \$300 New Application; \$100 Permit Modification.
 - CFO: \$100.
 - Land Application: \$0.
 - New legislation allows IDEM to charge fee related to the cost of issuing the permit.



NPDES Program

Program Costs and Revenue

Budgeted	Federal	General Fund	Dedicated	Revenue
\$12,692,036	\$1,890,034	\$5,934,159	\$5,346,593	\$4,154,475

- Dedicated Fund Expenses Exceed Program Revenue by \$1,192,118 per year.
- Annual Number of permits issued: 300.
- Number of General Permit Holders: 4,000.
- Annual Number of facilities inspected: 1,100.



Wetland/Water Quality Certification Program Costs and Revenue

Budgeted	Federal	General Fund	Dedicated	Revenue
\$474,323	\$474,323	\$0	\$0	\$0

- Annual Number of permits issued: 650.



Drinking Water Program

Program Costs and Revenue

Budgeted	Federal	General Fund	Dedicated	Revenue
\$4,673,663	\$1,881,101	\$371,290	\$2,597,565	\$2,298,349

- Dedicated Fund Expenses Exceed Program Revenue by \$299,216 per year.
- Number of Drinking Water Systems: 4,212:
 - Community: 812.
 - Transient: 2,826.
 - Non-Community/Non-Transient: 574.
- Annual Number of Inspections: 900.



Solid Waste Program

Program Costs and Revenue

Budgeted	General Fund	Dedicated	Revenue
\$4,974,672	\$2,221,388	\$2,753,284	\$2,390,125

- Dedicated Fund Expenses Exceed Program Revenue by \$363,259 per year.
- Annual Number of permits issued: 340.
- Number of Facilities Regulated: 1,069.
- Annual Number of Inspections: 1,429.



Hazardous Waste Program Costs and Revenue

Budgeted	Federal	General Fund	Dedicated	Revenue
\$8,440,937	\$2,993,143	\$2,319,283	\$3,128,511	\$1,242,619

- Dedicated Fund Expenses Exceed Program Revenue by \$1,885,892 per year.
- Permit Review, renewal, modifications and Corrective action plan reviews: 375.
- Number of Facilities Regulated: 1,551.
- Annual Number of Inspections: 808.



CAFO/CFO

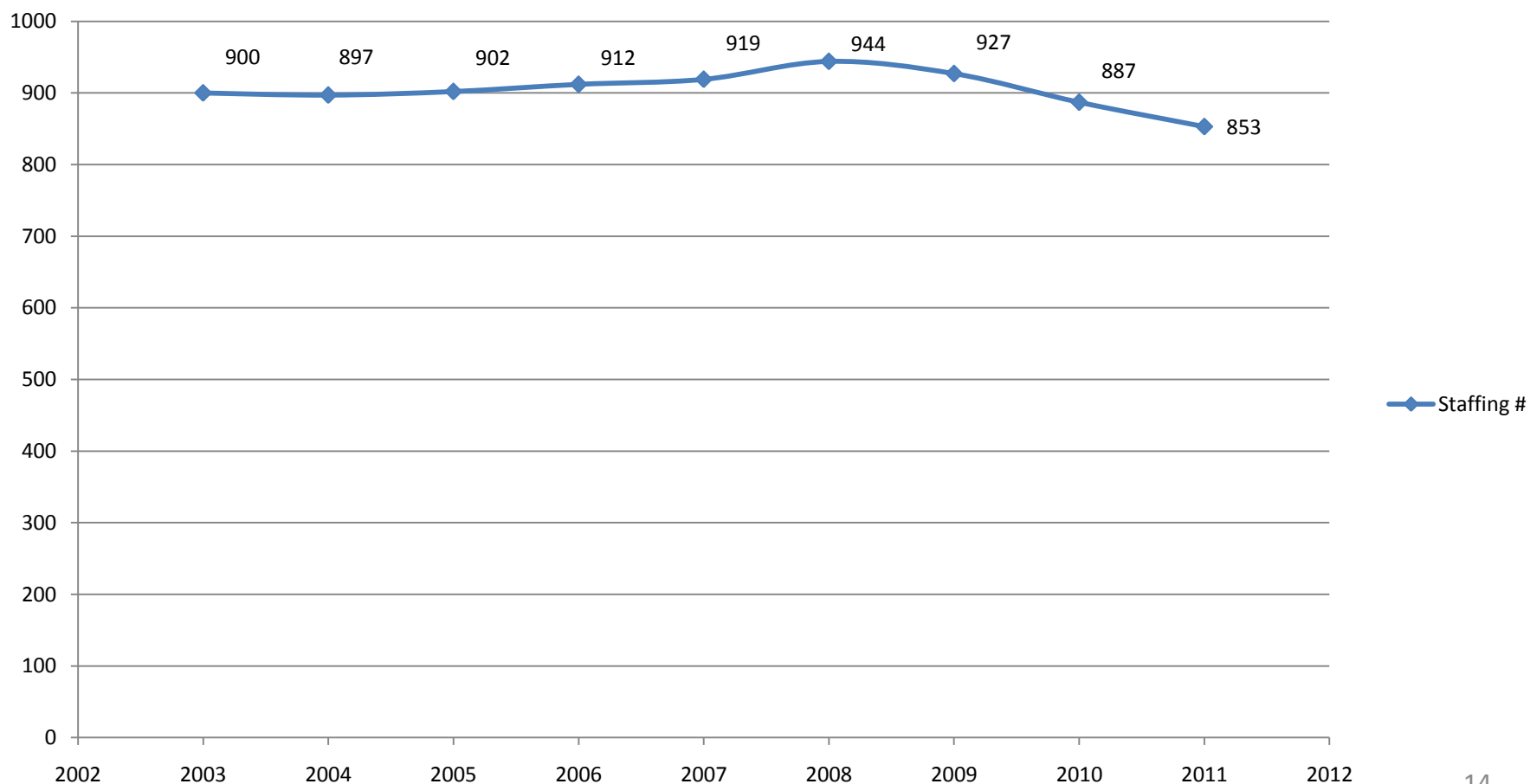
Program Costs and Revenue

Budgeted	General Fund	Dedicated	Revenue
\$1,200,000	\$450,000	\$750,000	\$36,375

- Dedicated Fund Expenses Exceed Program Revenue by \$713,625 per year.
- Annual Number of permits issued: 121.
- Annual Number of Permit renewals: 435.
- Number of Facilities Regulated: 2,239.
- Annual Number of Inspections: 611.



Staffing Changes at IDEM





Increased Program Workload

- Brought ELTF claim review in-house.
- Developed Storm Water Program:
 - Federally required expansion of storm water construction Program.
 - Federally required Municipal Separate Storm Sewer Systems (MS4) program.
- Auto Salvage Recognition and Compliance Program.
- Brought Air Permitting in-house.
- Assumed workload of six local air agencies.
- Increased frequency of UST inspections.



How Have the Programs Been Affected?

- All offices continue to perform basic core functions of permitting, inspection and remediation oversight.
- Each office has reduced their activities in some specific areas.



How Have the Programs Been Affected?

- Office of Water Quality
 - Wetland Program does not verify whether mitigation is successful and responds only to complaints.
 - Drinking Water Small System Laboratory Assistance Program scaled back.
 - Assistance to small wastewater systems is reduced.
 - Staffing level (1FTE) for pretreatment program allow only limited auditing of programs.



How Have The Programs Been Affected?

- Office of Land Quality
 - No longer routinely do split sampling with sites required to monitor groundwater.
 - Less field verification of remediation activities.



Accomplishing More with Less

- Greater Efficiencies:
 - Kaizen events resulting in streamlined processes.
 - Development of IT initiatives, Virtual File Cabinet, TEMPO, Digital Inspector.
 - Independent Closure Process for Low Priority State Clean up Sites.
 - Brought ELTF claim review in-house and saving the fund > \$1,000,000 per year.



How Should Environmental Programs Be Funded?

- Current funding system has resulted in using funds for activities not originally anticipated when the funds were established.
 - Example: CFO program is funded through the Solid Waste Program, which was not established as a funding mechanism for the CFO program.



How Should Environmental Programs Be Funded?

- There are also multiple ways that programs are funded.
 - Example: Title V Program vs. ELTF Program
- Title V Program
 - The Clean Air Act requires that 100% of the funding come from the regulated entity.
- ELTF Program
 - ELTF is funded primarily by the general public through a tax on motor vehicle fuels.



How Should Environmental Programs Be Funded?

- Should the activities creating the need for the program pay the cost of the program?
 - Example: WWTP fees on discharges.
 - When the discharger is a municipality, individual taxpayers receiving wastewater treatment services are charged for the cost of any discharge fees imposed on the WWTP by IDEM.
 - These same taxpayers would pay some portion of any General Fund appropriation in lieu of a fee.



How Should Environmental Programs Be Funded?

- Should the general public, who benefits from a clean environment, pay for some or all of the cost of a clean environment?
 - Example: Those on septic systems and those that apply certain lawn fertilizers sometimes create water pollution concerns, yet do not pay a permit fee towards the cost of a clean environment.
 - These people do contribute to the General Fund.



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